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Rugby Office Needs Assessment Update

Final Report

Iceni Projects Limited on behalf of
Rugby Borough Council

November 2025

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ON BEHALF OF RUGBY
BOROUGH COUNCIL

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1. INTRODUCTION

- 1.1 Iceni Projects (Iceni) has been commissioned by Rugby Borough Council (the Council) to provide office needs assessment that reviews and updates the findings of the Coventry & Warwickshire Housing and Economic Development Needs Assessment (HEDNA) 2022 regarding the need for office development in the Borough.
- 1.2 This report firstly explores office market dynamics in Rugby Borough using CoStar data, from one of the UKs largest providers of commercial property data. This analysis reviews trends in vacancy, rental growth and leasing.
- 1.3 Secondly, this report provides updated office floorspace requirements modelling, in particular labour demand modelling, which was the recommended approach within the 2022 HEDNA.
- 1.4 These elements are brought together to draw conclusions the appropriate level of office floorspace to plan for in the emerging Rugby Local Plan.

2. OFFICE MARKET DYNAMICS

- 2.1 This section provides analysis of the office market within Rugby, comparing dynamics to the Coventry & Warwickshire sub-region and the UK.

National Office Market Dynamics

- 2.2 The global pandemic has accelerated the rise of remote and hybrid working models, and many companies have since discovered the benefits of offering flexible working arrangements. As a result, many businesses no longer require large, centralized office spaces to accommodate all their staff. Many employees now work from home or in co-working spaces or adopt hybrid working practices (working part of the week from home), which has led to a decreased need for conventional office floorspace.
- 2.3 Cost-cutting pressures by businesses have also been a significant driver of reduced demand for office space. Given volatile economic conditions in recent years, many organisations, particularly small to medium-sized businesses, are seeking ways to reduce operational costs. Office rent is often one of the highest overhead expenses for companies, so many have opted for smaller, more flexible spaces, whilst some are shifting towards remote operations altogether. This trend has led to rising vacancy rates in the office market, and in larger office buildings in particular.
- 2.4 The rapid digital transformation across industries has meant that many tasks traditionally carried out in office spaces can now be done remotely or through virtual platforms. Businesses are embracing technology for collaboration, communication, and document management, reducing the need for physical office environments.
- 2.5 Shifting corporate priorities are also an important driver. Many businesses are also focusing on employee well-being, sustainability, and cost efficiency. The need for physical office space has therefore diminished, especially for companies that do not require constant in-person interaction. In response to these changing priorities, companies are prioritizing flexible spaces that can be adjusted based on real-time needs.
- 2.6 These trends have also resulted in a 'flight to quality' within the office market, with businesses seeking modern, well-located office premises in city centre and major town centres which offer wider amenities. As we have moved beyond the pandemic over the last few years, high quality space has been an important component in firms being able to attract staff back to the office as they seek to realise benefits from face-to-face interaction and collaboration between staff.

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- 2.7 At Autumn 2025, CoStar reports that take-up has seen a resurgent and demand turned positive, with more firms occupying space than vacating it. However, the UK vacancy rate remains at 8.7% - a 13-year high and higher than the 4.5% level when the pandemic struck.
- 2.8 The overarching theme of recent years has been for firms to take less space when signing new leases. However, there have been some notable expansions recently, as business confidence improves and the return-to-office trend gains momentum. Data from Remit Consulting shows that office attendance is at its highest level since the pandemic began¹.
- 2.9 Recent deals and aggregate net absorption data show an ongoing preference for high-quality space as firms commit to space decisions. Landlords and developers of best-in-class buildings have felt limited pain throughout the past few years as prime rents in popular city centre locations continue to rise. However, older offices in secondary locations will likely remain more challenging to fill in a polarised market.

Coventry and Warwickshire Office Market Dynamics

- 2.10 CoStar reports in November 2025 that office market conditions in Coventry & Warwickshire have softened in recent years, similar to trends observed across the UK. Vacancies have increased from a pre-pandemic low of 3.1% to 8.3%, coinciding with negative net absorption — demand losses have totalled 4,300 sq.ft over the past year and 780,000 sq.ft over five years — alongside a rise in completions. These figures reflect the decrease in the quantum of occupied space overall.
- 2.11 Energy companies remain a bright spot on the demand side, even if some firms are reducing their footprint overall. E.On became the latest energy company to take space at Friargate in Coventry City Centre, signing a 20,000 sq.ft lease in Q3 2025. Octopus Energy expanded its presence at the neighbouring Two Friargate to 55,000 sq.ft in 2024, while Corona Energy increased its occupancy at the refurbished Bourn building in the first half of 2025.
- 2.12 No major office developments are currently under construction in the sub-region at the time of writing. Construction activity has paused due to higher building and financing costs as well as high vacancy, following the completion of approximately 500,000 sq.ft across 14 buildings between 2021 and 2023. As of late 2025, these new build properties collectively had a vacancy rate of around 15%, with almost two-thirds of the unoccupied space located in Two Friargate, a 200,000 sq.ft building completed in 2023.

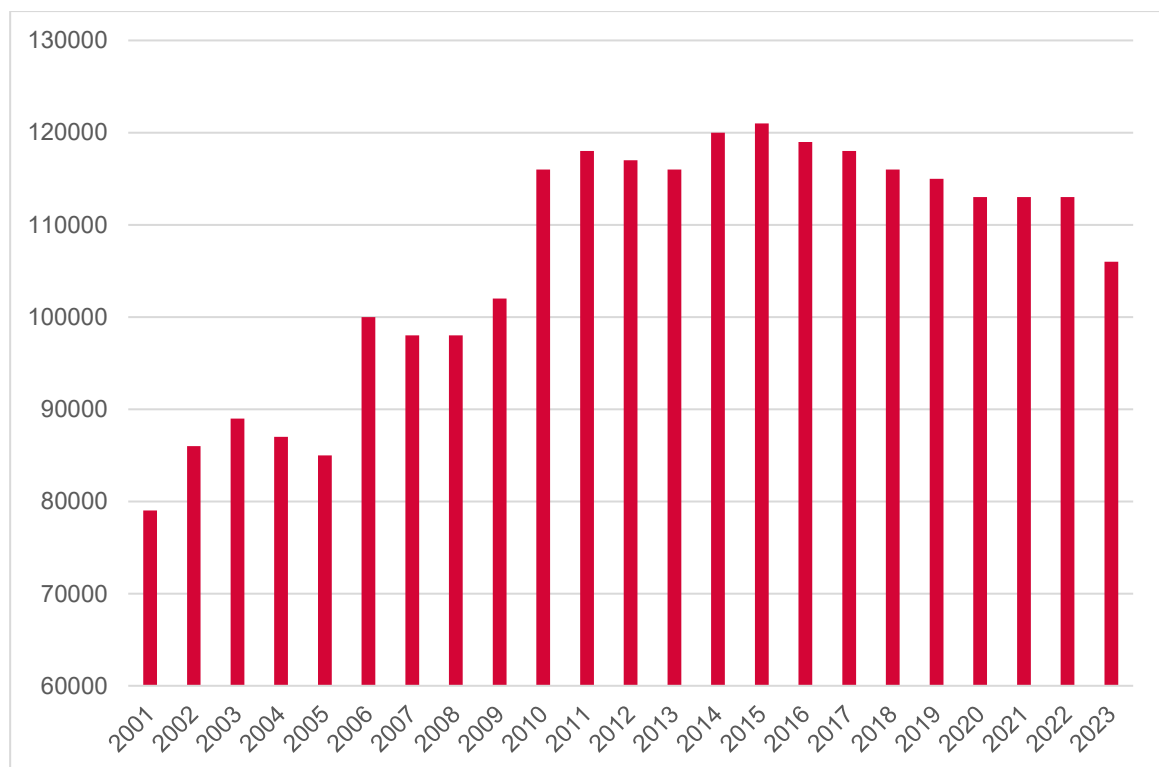
¹ <https://committees.parliament.uk/writtenevidence/140984/pdf/>

- 2.13 Average office rents in Coventry & Warwickshire have edge up over the past 12 months, supported by new Grade A developments and refurbishment projects. Market participants consider prime office rents to be around £25/sq.ft, although a handful of lettings have exceeded that figure. Tenants typically receive around two years rent free on a 10-year Grade A lease in Coventry City Centre.

Rugby Office Market

- 2.14 The Valuation Office Agency provides information on the amount of floorspace by administrative area. In Rugby Borough in 2023, there was a total of 106,000 sq.m of office floorspace recorded. Rugby has a relatively small office market, holding just 9% of the Coventry & Warwickshire total stock. The figure below shows that there has been a decline in office floorspace since 2015, with a loss of 15,000 sq.m over the 8-year period, linked in particular with the change to permitted development rights which has resulted in office floorspace converted to residential use.

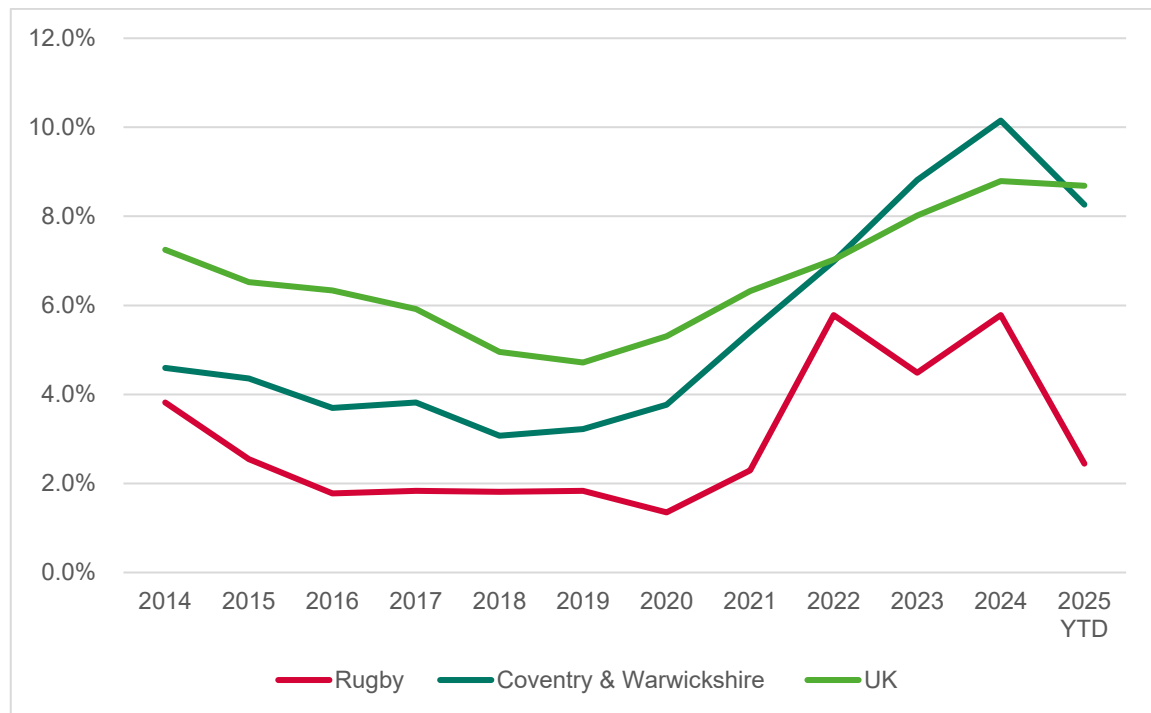
Figure 2.1 Rugby Borough Office Floorspace (sq.m)



Source: VOA

- 2.15 The figure below shows how the vacancy rate in Rugby has changed over time compared to the wider sub-region and the UK. The office vacancy rate in Rugby increased sharply in 2020 to a high of 5.8% in 2022, which was maintained to 2024, however has since started to decline this year, and sits at 2.4% as of November 2025. The Rugby office vacancy rate has remained lower than the sub-regional and UK average over the past decade and is significantly below their current vacancy rates of 8.3% and 8.7% respectively. Whilst low vacancy may be an indication of strong demand, it could also be driven by ongoing losses of office space, as explored further below.

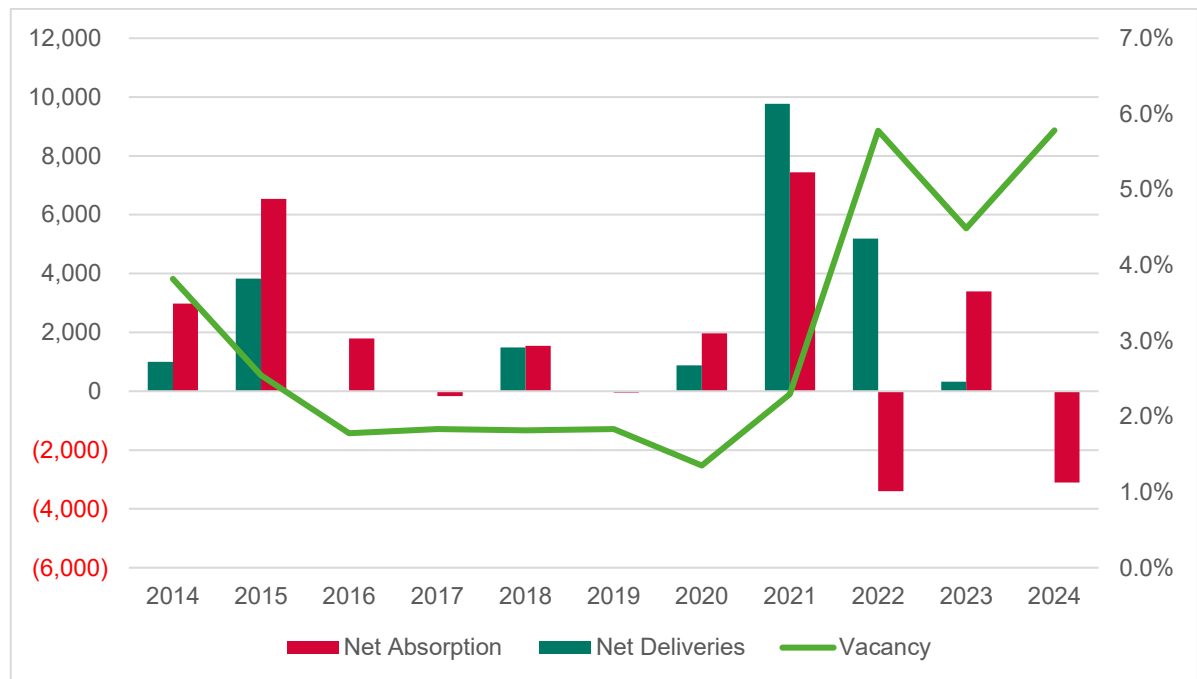
Figure 2.3 Office vacancy rates



Source: CoStar

- 2.16 The figure below shows the net absorption, net deliveries and the vacancy rate for office space and explores the interaction between them. Net absorption is the net change in space occupied (i.e. move ins – move outs). Net absorption of office space has been varied seeing positive take-up in 2021 and 2023, followed by negative absorption in 2022 and 2024. Average net absorption over the past 5 years was a modest 1,260 sq.m per annum.
- 2.17 The vacancy rate rise in 2022 was both a combination of new delivery of space and net move outs. Whilst not shown on the chart (as there is not a full year of data yet available), the vacancy rate has declined so far in 2025 - driven by positive net absorption rather than demolition / loss of office floorspace.
- 2.18 Recently deliveries of new office space since 2020 have been concentrated at Ansty Park and include IPG Photonics (9,800 sq.m) built in 2021 and occupied by AVL; a unit on Airfield Drive (880 sq.m) built in 2020 (occupier unknown); and the Cadent HQ (8,400 sq.m) built in 2022. There was a further office completion in Clifton upon Dunsmore within the Rugby Radio Station mixed use development of 320 sq.m (The Exchange).

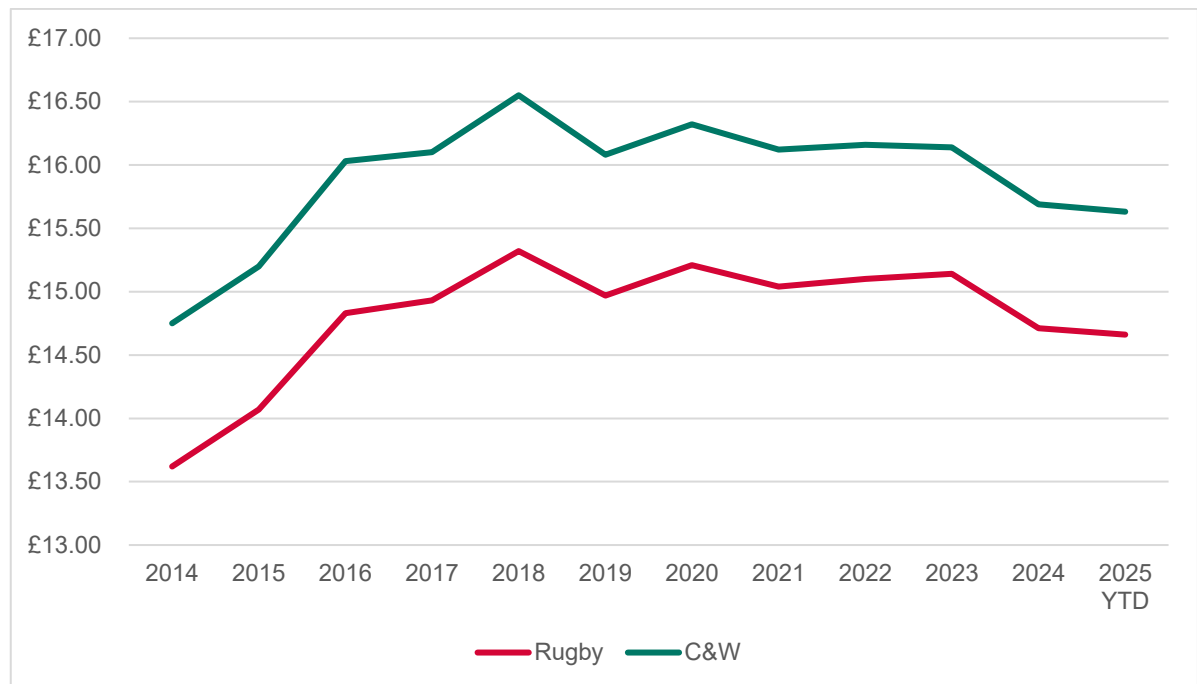
Table 2.1 Figure 2.3 Office Net Absorption & Delivery – Rugby Borough (sq.m)



Source: CoStar

- 2.19 The following figure shows how the average office rental price has evolved over the decade. Rugby's average rental price for office has been consistently lower than the wider Coventry & Warwickshire region showing the strength of other office markets such as Coventry and Warwick / Leamington – these being the stronger office markets in the sub-region. The average office rent in Rugby as of November 2025 was £14.66 per sq.ft, compared to £15.63 across the sub-region. Inflation-adjusted rents have been declining since 2018 indicating a lack of demand. At this rental level, new build standalone office development would be unviable, requiring rents of £25 per sq.ft upwards to support substantive new-build development.

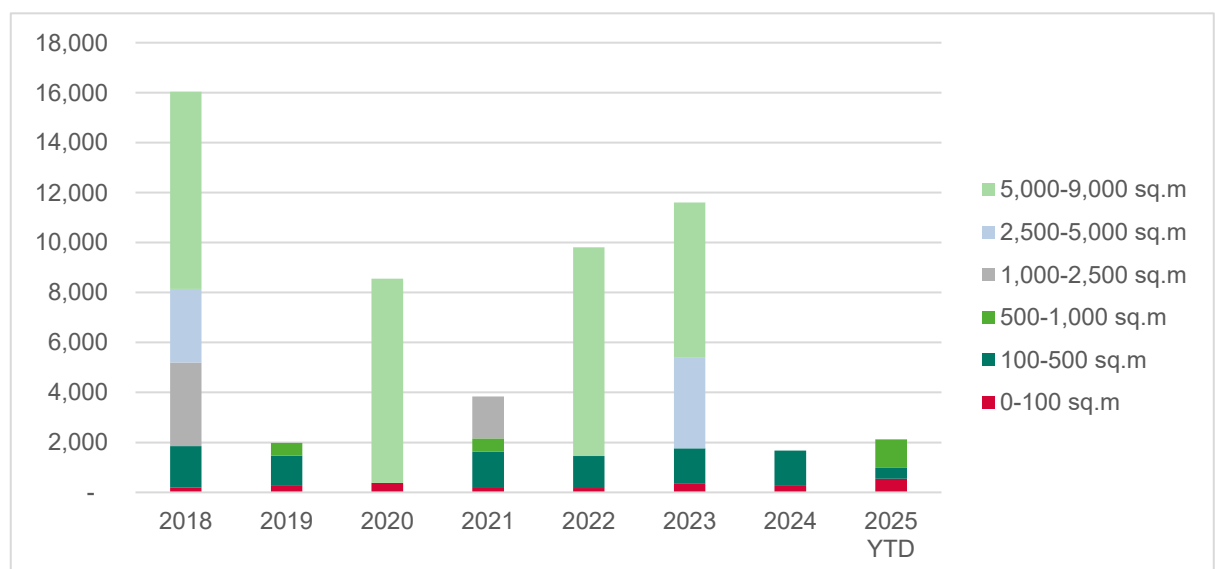
Figure 2.4 Inflation-adjusted Average Office Rents (£/sq.ft)



Source: CoStar

- 2.20 The figure below shows office leasing activity since 2018 by size band. Leasing activity increased from 2021 to 2023 however has since dropped off. Leasing in 2022 and 2023 was driven by two large deals both at Ansty Park – Cadent Gas leasing 8,400 sq.m for their HQ at £23.55 per sq.ft and Polestar leasing 6,200 sq.m in the Beech Building that was recently renovated. A majority of leasing activity is concentrated in 5000-9,000 sq.m deals driven by HQ deals at Ansty Park inflating activity.

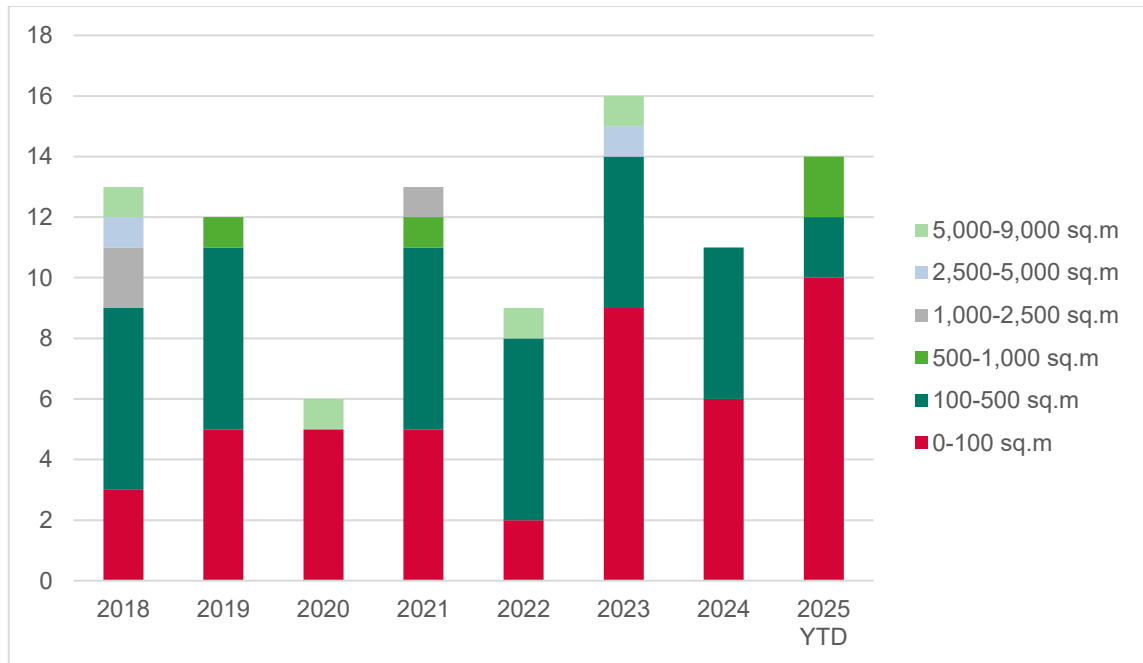
Figure 2.5 Office Leasing Activity by Size Band – Rugby Borough (sq.m)



Source: CoStar

- 2.21 In terms of the number of deals, a different pattern is shown, which a majority of activity concentrated in the sub-100 sq.m size band, which has seen an average of 6 deals per year. Since the pandemic, this section of the market has seen greater activity, driven by downsizing as a result of home and hybrid working. There is also substantial amount of leasing activity in the 100-500 sq.m size band at an average of 7 deals per annum. There have been no office deals larger than 9,000 sq.m since 2018 indicating a very limited market for larger office floorplates in the Borough.

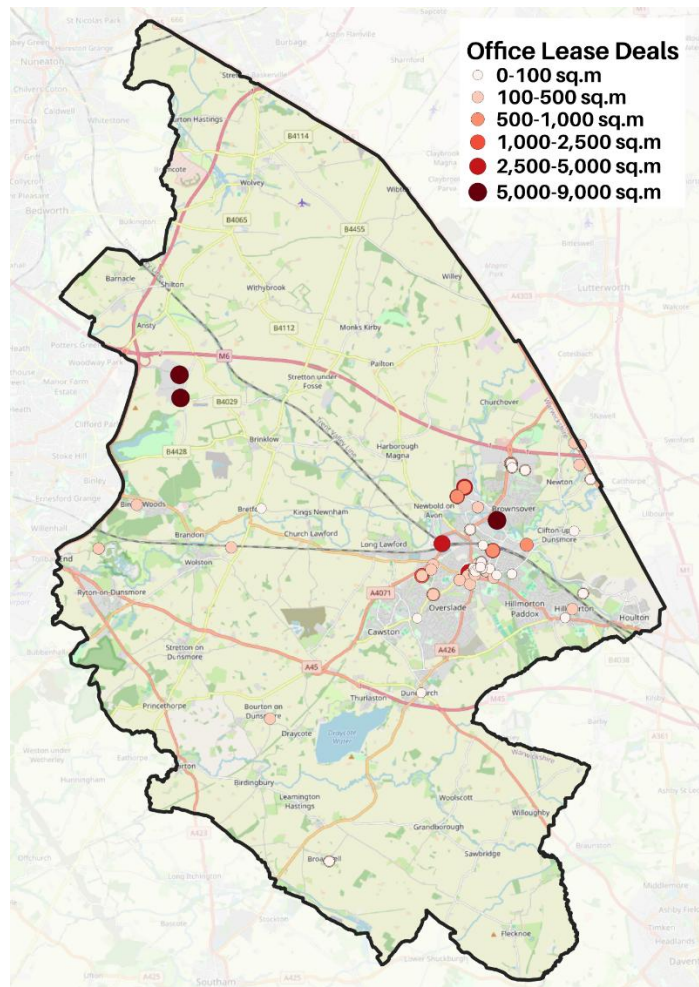
Figure 2.6 Number of Deals by Size Band



Source: CoStar

- 2.22 The figure below shows the spatial distribution of office deals for the 2018-25 YTD period. A majority of deals are clustered within Rugby Town Centre, in particular smaller deals. A few mid-size deals of 500 to 2,500 sq.m were located at Glebe Farm Industrial Estate and, as discussed above, deals over 5,000 sq.m have principally occurred at Ansty Park.

Figure 2.7 Office Deals 2018-25 YTD



Source: CoStar 2025

Availability

2.23 As of November 2025, CoStar records that there are 21 office properties with floorspace available across the Borough, totalling 5,152 sq.m. It is note that none of the available properties are Grade A. Notable availabilities include:

- 850 sq.m – across two buildings at the iQuarter, Central Park;
- 665 sq.m available across three buildings at Davy Court, Central Park;
- Total of 7 buildings available within Rugby town centre including 430 sq.m in the Robbins Building; 350 sq.m in Chestnut House and 370 sq.m in Hilton House.

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- 2.24 CoStar shows that there is a further 2,940 sq.m of office development proposed at Ansty Park however this is not currently advertised as available.

Office Market Summary

- 2.25 Drawing the analysis together, key findings are as follows:
- Remote and hybrid working, cost-cutting measures, and digital transformation have significantly reduced demand for traditional office space, leading to higher vacancy rates and a shift toward flexible, high-quality, and sustainable work environments.
 - Recent market data shows signs of recovery, with increased office attendance and positive leasing activity; however, vacancy rates remain elevated, and demand is concentrated in prime, modern office spaces, while older buildings continue to struggle.
 - Office floorspace in Rugby has been declining since 2015. The office vacancy rate has been declining since the 5.8% pandemic peak. The vacancy rate has consistently sat below the sub-regional and UK rate.
 - Net absorption has averaged a modest 1,300 sq.m over the past 5 years, driven by take-up at Ansty Park. There has been limited office development in the Borough outside of Ansty Park.
 - Office rents have been declining over the past 8 years. Rents in Rugby have consistently been below the sub-region and sit at a level at which new-build development will not generally be viable.
 - Leasing activity has been concentrated at the smaller end of the market particularly within Rugby town centre. Larger deals have been restricted to Ansty Park.

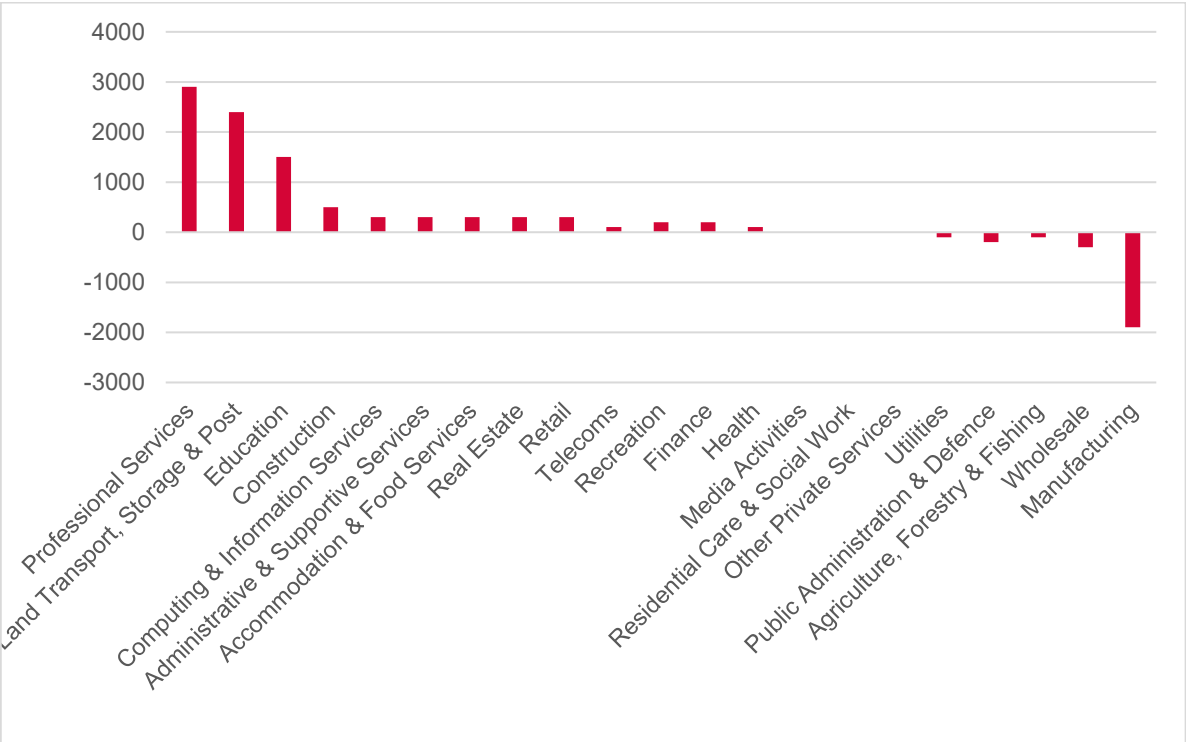
3. UPDATED OFFICE FLOORSPACE REQUIREMENTS

3.1 This section provides an updated analysis of office floorspace requirements based on updated employment forecasts obtained from Experian. The labour demand modelling outputs have been compared to alternative trend-based models using trends in completion and net absorption.

3.2 The figure below shows the sectoral breakdown of the Experian forecasts for the 2024-42 to align with the proposed 2025-2042 plan period.

3.3 Overall, the Experian forecasts indicate a total employment growth of 6,800 jobs in the Borough over the 2024-42 period. Professional services and Computing & information services are key drives of future office requirements and are expected to grow by 2,900 jobs and 300 jobs respectively.

Figure 3.1 Rugby Employment Forecasts by Sector, 2024-42



NB: Air & Water Transport; Extraction and Mining; Fuel Refining and Insurance and Pensions omitted due to no employment change forecasted

Source: Icen analysis of Experian 2025

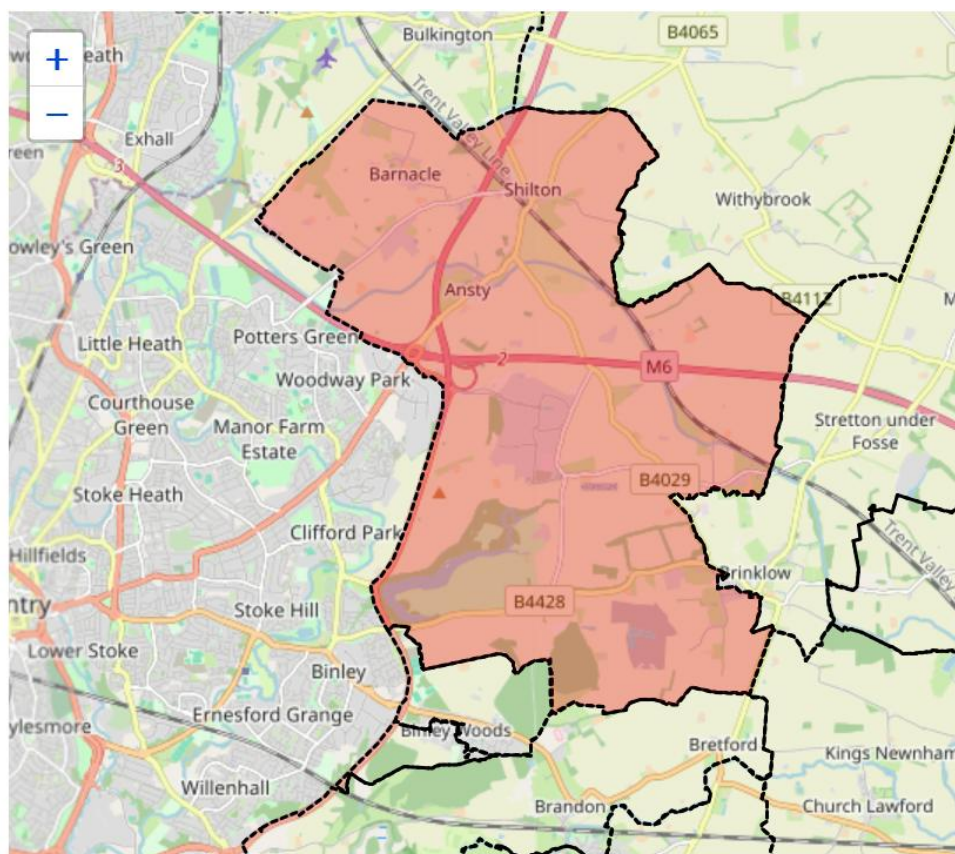
Coventry Fringe Employment Analysis

3.4 Our interrogation of employment data indicates that the presence of head offices at Ansty Park has a substantial impact on the employment forecasts for the Borough, particularly growth within the

professional services sector. This section carries out further analysis to disaggregate the employment growth expected within Coventry Fringe versus the rest of the Borough.

- 3.5 The following analysis uses BRES data, defining 'Coventry Fringe' employment as jobs falling within Rugby 013C, as mapped below.

Figure 3.2 Rugby 013C – Coventry Fringe



Source: NOMIS

- 3.6 The table below shows the 2 digit SIC code breakdown of Professional Services jobs, in addition to other 2 digit sectors that have significant employment recorded within the Coventry Fringe area identified.
- 3.7 BRES data records employment where businesses have their registered office and therefore can under or over record employment. The following section provides a sense check to the sectoral breakdown at Ansty Park to check whether the employment data has been skewed by the data collection regarding head office activities.
- 3.8 The analysis within the table seeks to identify which businesses' employment is captured within the BRES data through analysis of business (and their subsidiaries) registered address and corresponding SIC code, in addition to aligning historical employment increases with unit completions.

Table 3.1 2 Digit SIC Code analysis – Coventry Fringe vs Rugby (2024)

	Broad Sector	Coventry Fringe	Rugby Borough	% Coventry Fringe	Notes
35: Utilities	Utilities	2,000	2,000	100%	Cadent Gas BRES: +2,000 jobs in 2022, corresponds with completion of office.
29: Manufacture of motor vehicles, trailers and semi-trailers	Manufacturing	295	1,250	24%	Increase in 2017 corresponds with completions of LEVC unit Decline in 2021 corresponds with Polestar registering office outside of Ansty Park
30: Manufacture of other transport equipment		600	600	100%	Meggitt - increase in employment corresponds with completion of unit in 2020
68: Real estate activities	Professional Services	10	700	1%	All growth attributed to rest of Rugby Borough
69: Legal and accounting activities		0	600	0%	All growth attributed to rest of Rugby Borough
70: Activities of head offices; management consultancy activities		2,000	3,000	67%	London Taxi Company and Meggitt have head office subsidiaries registered at Ansty Park
71: Architectural and engineering activities; technical testing and analysis		600	1,500	40%	Increase in employment 2023-24 corresponds with Polestar move in
72: Scientific research and development		800	800	100%	MTC - employment increase in 2015 and 2018 correspond with completion of units
73: Advertising and market research		0	40	0%	All growth attributed to rest of Rugby Borough
74: Other professional, scientific and technical activities		0	300	0%	All growth attributed to rest of Rugby Borough
75: Veterinary activities		0	125	0%	All growth attributed to rest of Rugby
Professional Services Total		3,400	6,365	53%	

Source: Icen Analysis of BRES

3.9 Key findings and adjustments to the labour demand model are:

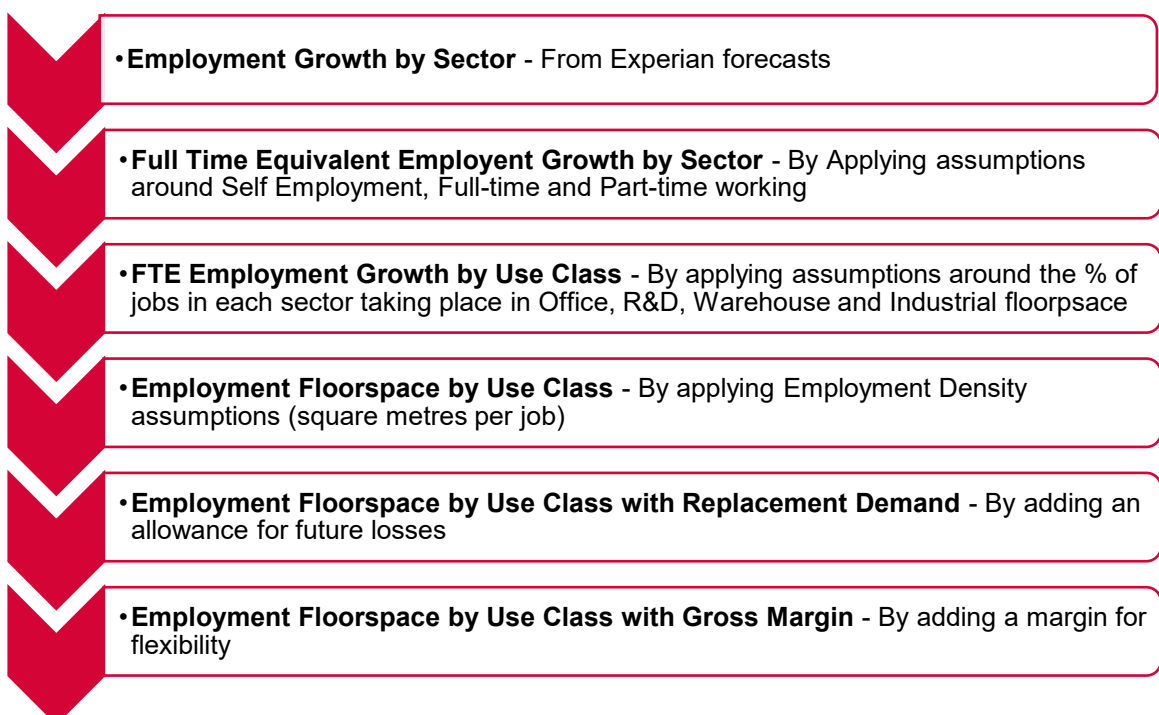
- BRES [and Experian] have recorded Cadent Gas office activities under the Utilities sector – the assumed use class share for office employment in this sector has been increase to 95%. All forecasted utilities employment growth is attributed to Coventry Fringe;
- Head office employment is assumed to be accurate and uninflated – employment data reflects Meggitt and London Taxi Company which have separate companies registered for their head office and manufacturing functions;
- Overall 53% of Professional Services growth should be attributed to Coventry Fringe based on the current sector split (BRES 2024).
- There are no Information & communication jobs at Ansty Park and so forecasted employment growth and subsequent office requirements can be assumed to occur outside of the Coventry Fringe;
- 4% of Administration and support employment is located within the Coventry Fringe

3.10 The above reflections on the Professional services and Utilities sector employment growth have been used to split out office floorspace requirements in the following section.

Labour Demand Model

3.11 Employment forecasts are translated to employment floorspace requirements through a series of steps. These are summarised in the figure below:

Figure 3.3 Overview of the Labour Demand Model



- 3.12 The first step is to translate forecast employment growth into full-time equivalent (FTE) employment growth. This is required as the employment densities used relate to FTE jobs rather than total jobs. Iceni has used the current BRES ratios of part-time and full-time employment to generate the FTE outcomes. The next step translates FTE employment growth by sector into FTE employment growth by use class. For the purposes of this study, we have shown FTE jobs in offices (E(g)(i) and E(g)(ii)) only.
- 3.13 The table below shows the total forecasted employment change, the full-time equivalent and then of that, the proportion in office and R&D premises over the forecast period (2024-42).

Table 3.2 Change in Jobs, FTE and Office and R&D FTE Jobs – Rugby 2024-42

	Total Jobs	FTE Jobs	FTE Jobs in Office
Total	6,800	4,223	2,255
Coventry Fringe			1,381
Rest of Rugby			874

Source: Iceni analysis of Experian

- 3.14 To translate FTE employment growth to floorspace we have assumed an employment density of 14 sq.m per job for office. These are in line with densities used in the HEDNA 2022 and are informed by the Homes and Communities Agency Employment Density Guide third edition².

Home Working

- 3.15 A sensitivity analysis has also been run to account for greater levels of working from home. The pandemic has seen an increase in home working – in particular in office-based sectors – as well as hybrid working, whereby workers spend part of the week in the office and part at home, with the emergence of 3/2 and 2/3 working patterns.
- 3.16 Office market trends are responding and will potentially reinforce around good quality space designed to facilitate interaction and collaboration between staff; and locations which support social and leisure activities. Offices increasingly need to contain specific spaces for teams/zoom calls and businesses may need to consider floorspace needs on the more popular, mid-week days.
- 3.17 ONS 2023 data showed that 40% of all UK working adults work from home at some point in the week with 16% solely working from home.

² https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/national-evidence/NE48_employment_density_guide_3rd_edition.pdf

- 3.18 Data released by ONS³ in 2023 indicates that in 2022 around 42% of workers nationally were either working from home (19%) or on a hybrid basis (23%). When looking at the West Midlands specifically this figure is 29% with a slightly lower 18% only working from home and 11% hybrid.
- 3.19 More recent data from ONS⁴ covering the period from July to September 2025 indicates that this figure has remained fairly static across the UK with 42% of workers across the UK working from home all or some of the time (13% only at home, 29% hybrid). There has been a slight increase in the West Midlands to 31% working from home all or some of the time, impacted by growth in hybrid working to 21% and a decline in home only working to 10%.
- 3.20 Further data on days worked from home⁵ indicates that of hybrid workers across Great Britain, approximately 60% of working days are spent working from home. If this is applied to the hybrid statistics mentioned above it results in an overall home working rate of 30/31%.
- 3.21 Based on this information Iceni Projects has concluded that post-pandemic office occupancy is around 70% of pre-pandemic levels. Taking the above into consideration, the 30% downwards adjustment applied in the 2022 HEDNA remains suitable. Therefore, we have reduced levels of employment growth and replacement demand in the 'Post-Pandemic Working from Home' scenario by a 30% factor.

Labour Demand Floorspace Requirements

- 3.22 The table below shows the office floorspace requirements for the various forecast periods, in addition to the working from home sensitivity. Overall, there is a requirement for between 22,100 to 31,600 sq.m for the 2024-42 plan period borough-wide, of which 39% of the labour demand requirement is concentrated within the Coventry Fringe.

Table 3.3 Office and R&D Floorspace Demand (sq.m) 2024-42

	Rugby Total	Coventry Fringe	Rest of Borough
Office	31,600	12,200	19,400
Office – WFH Sensitivity (-30%)	22,100	8,600	13,500

Source: Iceni analysis of Experian 2025

³ [Characteristics of homeworkers, Great Britain - Office for National Statistics](#)

⁴ [Public opinions and social trends, Great Britain: working arrangements by personal characteristics - Office for National Statistics](#)

⁵ [Home and hybrid working, Great Britain - Office for National Statistics](#)

Alternative Benchmark Models

- 3.23 In line with the PPG, our approach has been to triangulate different forecasting approaches in drawing conclusions. Iceni has therefore run alternative trend-based models including net completions (VOA data), gross completions (authority monitoring data) and a net absorption trend (using CoStar data), disaggregating between take-up on Ansty Park and the rest of the Borough. The models are summarised in the table below and are based on a 10-year average trend (2014/15 to 2023/24).
- 3.24 In line with the previous study, a margin equivalent to 2 years gross completions has been applied. This is based on the 5-year gross completions trend and is equivalent to 5,000 sq.m.

Table 3.4 Trend-Based Office Requirements (sq.m) 2024-42

Trend-Based Models	Total	Coventry Fringe	Rest of Borough
Net Completions	-13,000		
Gross Completions – 10 yr	102,300	94,000	8,300
Gross Completions – 5yr	50,100	35,100	15,000
Net Absorption – 10 yr	33,800	48,300	-14,500
Net Absorption – 5 yr	27,700	73,200	-45,500
Labour Demand Models			
Office	36,600	15,700	20,900
Office – WFH Sensitivity (-30%)	27,100	12,100	15,000

Source: Iceni analysis local authority monitoring; VOA; CoStar 2025

- 3.25 The gross completions trends are substantially higher than the other models, this is driven by significant office and R&D deliveries at Ansty Park. There has been relatively little delivery elsewhere in the Borough. Only 7% of gross deliveries in Rugby has been outside of the Coventry Fringe. These models are considered outliers and do not align with office market dynamics seen in Rugby Borough as per Section 2.
- 3.26 At the other end of the range, the net completions model indicates a negative requirement and does not align with any of the other models above. It is appropriate for Rugby to plan positively when it comes to office development to support forecasted growth in key sectors such as professional services, which provide high value employment.
- 3.27 There is a broad alignment between the net absorption trends and the labour demand models. The net absorption models indicates that all take-up has been within the Coventry Fringe and the rest of the Borough has seen negative take-up. This is important and illustrates that whilst there might be expected growth in floorspace, it will be targeted at Coventry Fringe business park locations such as

Ansty Park; the wider office market in the Borough is weak and the trend indicates that more space vacated than been taken-up over the last decade – despite losses through conversions to other uses.

- 3.28 As a minimum, Rugby Borough should be planning for a **minimum of 27,100 sq.m** of office and R&D floorspace across the Borough, based on the labour demand WFH model. It should be noted that the Coventry Fringe / Rest of Borough split is indicative; it is expected based on wider market analysis that demand will be focused at the Coventry Fringe locations rather than the Rugby Town Centre office market.
- 3.29 Assuming a plot ratio of 0.5, this is equivalent **to 5.4ha** for the 18-year period 2024-42. This compares to the 2022 HEDNA requirement of 5.2ha for the 20-year period 2021-41. Given that office densities can significantly varies between developments, it is best practice to plan in floorspace terms.